



Office of the Governor

**MICHELLE LUJAN GRISHAM**

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## **Gov. Lujan Grisham to establish first-of-its-kind Strategic Water Supply**

*\$500 million investment will leverage advanced market commitments*

**DUBAI** — At the 2023 United Nations Climate Change Conference today, Gov. Michelle Lujan Grisham announced a first-of-its-kind strategic water supply to increase drought resilience and advance clean energy production and storage.

The strategic water supply will support the nation's transition to renewable energy by providing resources for water-intensive processes around creating green hydrogen, storing energy produced by wind and solar, and manufacturing electric vehicles, microchips, solar panels, and wind turbines, for example.

“In arid states like ours, every drop counts. A warming climate throws that fact into sharper relief every day,” **said Gov. Lujan Grisham.** “This is innovation in action: We’re leveraging the private sector to strengthen our climate resiliency and protect our precious freshwater resources.”

Global warming and aridification are exacerbating water shortages throughout the Southwestern United States. Consequently, some of our reservoirs and groundwater supplies are critically low and not recharging at sufficient rates to ensure future water security. In Albuquerque, the Rio Grande went dry for the first time in four decades in August 2022. Such events illustrate how current water supplies are not matched for future demand, where climate models predict up to a 25% reduction in available water across the state.

Through a \$500 million investment, New Mexico will purchase treated brackish and treated produced water to build the strategic water supply. In early 2024, the New Mexico Environment Department will issue guidance and seek proposals from companies interested in pursuing a contract. This contracting model, used in other industries like healthcare for manufacturing vaccines, is known as an advanced market commitment. Advanced market commitments reduce the risk of private sector investment and spur first movers to build otherwise costly infrastructure. Companies

that are awarded an advanced market commitment contract can secure private capital to build and operate water treatment facilities with the assurance the State of New Mexico will purchase the water. Then, the state will make the water available for creating green hydrogen; storing energy produced by wind and solar; manufacturing electric vehicles, microchips, solar panels, and wind turbines; and other uses as treatment and demand allow.

New Mexico sits atop substantial aquifers of brackish salt water, which cannot be used for human or agricultural consumption without treatment. Brackish water supplies are separate from freshwater resources underground. Estimates indicate there may be between two and four billion acre-feet of brackish water underneath New Mexico. A 25 million gallon per day brackish water treatment plant could produce up to 27,900 acre-feet of potable water a year. For comparison, this would cover approximately 70% of the annual consumptive water use in the Albuquerque area, which is roughly 40,000 acre-feet.

In addition, over 2 billion barrels of produced water were generated by oil and gas operations in 2022, of which 1.2 billion barrels were simply injected into deep wells for permanent disposal in New Mexico. Diverting just 3% of the produced water disposed of in injection wells to make hydrogen could result in enough energy to fully power over 2 million homes annually.

Gov. Lujan Grisham will seek the \$500 million in non-general fund dollars. This includes \$250 million to be appropriated in the upcoming legislative session and \$250 million in the 2025 legislative session. This funding is secured through revenues from severance taxes collected on oil, gas, and other natural resources that are “severed” from the ground.

Strategically locating brackish and produced water treatment facilities around the state can offset demand for freshwater. In the future, the development of science-based regulatory standards may allow for expanded uses of treated water from the strategic water supply.

The governor made the announcement at a U.S. Chamber of Commerce event titled “Business Leadership on the Global Stocktake: Catalyzing Investment while Prioritizing a Just Transition.”

“The U.S. Chamber is pleased to host Governor Lujan Grisham at COP28 for the unveiling of her strategic water supply initiative. Around the globe and at home, any successful approach to climate and sustainability must deliver solutions to our growing water-related challenges. The Governor’s initiative appropriately recognizes the important nexus between water challenges and clean energy production, especially in arid parts of the world,” said **Marty Durbin, U.S. Chamber of Commerce Senior Vice President of Policy**. “With a bold financial commitment and novel approach to leveraging private sector innovation and entrepreneurship, this strategy holds great promise to deliver water supplies needed for clean energy production and economic

development. We commend the Governor for the new initiative and look forward to an effective collaboration among business and government leaders to advance effective water policy solutions.”

The New Mexico Environment Department recently requested public comments on [proposed water reuse rules](#). Once finalized, the water reuse rules will create a consistent and science-based permitting program to attract more investment in water reuse. All treated water must comply with New Mexico Environment Department regulations and permitting requirements.

“While New Mexico is doing everything we can to reduce climate warming emissions, it is equally important to focus on water resiliency,” said **New Mexico Environment Secretary James Kenney**. “Water reuse safeguards freshwater for communities while offering opportunities for clean energy expansion and green manufacturing.”

The New Mexico Environment Department will provide a detailed roadmap for companies to express interest in pursuing an advanced market commitment contract with the State of New Mexico after the legislative session concludes in February 2024. Interested parties should [sign up here](#) to receive future notifications.

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